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RUEHCG/AMCONSUL CHENNAI PRIORITY 7352
RUEHBI/AMCONSUL MUMBAI PRIORITY 5086
RHFJUSC/US CUSTOMS SERVICE WASHDC PRIORITY
RUEHLMC/MILLENNIUM CHALLENGE CORPORATION PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 1754
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 05 COLOMBO 000170

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DEPARTMENT FOR SCA/INS - PLEASE PASS DUSTR BHATIA
MCC FOR S GROFF, D NASSIRY, E BURKE AND F REID

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SUBJECT: SRI LANKA: CABINET RESHUFFLE NARROWS MAJORITY FOR
PEACE

REF: A) COLOMBO 158 B) COLOMBO 152 C) COLOMBO 130 D)
COLOMBO 115

Classified By: DCM James R. Moore, for reasons 1.4(b, d).

11. (C) SUMMARY: President Mahinda Rajapaksa reshuffled his cabinet on January 28. Joining the government ranks were 18 "dissident" MPs from the opposition United National Party (UNP) and all 6 MPs from the Sri Lanka Muslim Congress (SLMC). This gave the government, which previously had 98 seats, a total of 122 parliamentary supporters - a relatively narrow margin in the 225-member parliament. The departure of Mangala Samaraweera as Foreign Minister is unfortunate, since he was one of the few willing to be candid with the President on human rights and other issues. The government will be less beholden to the JVP, which, with 37 MPs, will now certainly try to make things difficult for the President. A few important portfolios, especially on the trade and investment side, went to MPs that the Embassy considers moderate, effective politicians. Key UNP crossovers include former UNP Deputy Leader Karu Jayasuriya, who was assigned to the Ministry of Public Administration and Home Affairs, G.L. Peiris, who was given the Ministry of Export Development and International Trade and new Tourism Minister Milinda Moragoda. Many of the key UNP figures are long-time supporters of federalism, but are unlikely to have much clout within the cabinet. The mainstream UNP is now left with 43 members of parliament, enough to retain its status as the leading opposition party. The demise of the Memorandum of Understanding between the two major parties does not augur well for the future of the peace process, since it can only make the search for a "southern consensus" on a viable devolution proposal more difficult. Please see action request para 2. End Summary.

12. (C) ACTION REQUEST: Embassy recommends that the Secretary send a congratulatory note to new Foreign Minister Rohitha Bogollagama and that DUSTR Karan Bhatia send a note to new Minister of Export Development and International Trade G.L.

Peiris.

A New, but Slim, Majority

13. (C) President Mahinda Rajapaksa on Sunday reshuffled his cabinet to accommodate ten "dissident" UNP members of parliament (MPs). Another eight UNP "crossovers" were sworn in as non-Cabinet Ministers (equivalent to Ministers of State) or Deputy Ministers. The Sri Lankan Muslim Congress (SLMC) received one Cabinet ministry and five deputy minister slots. This assured Rajapaksa a total of 24 new parliamentary supporters, for a total of 122 MPs, a relatively narrow buffer of nine seats over a bare majority in the 225-seat Parliament. The President was able to retain all of his existing parliamentary supporters, including the constituents of the United People's Freedom Alliance parties (led by Rajapaksa's Sri Lankan Freedom Party, the SLFP), the Jathika Hela Urumaya (JHU), Ceylon Workers Congress (CWC), Up-Country People's Front, and previous UNP, SLMC, and Janatha Vimukthi Peramuna (JVP) defectors.

14. (C) Key UNP "dissidents" now occupying significant ministerial posts include former UNP Deputy Leader Karu Jayasuriya, who was assigned the Ministry of Public Administration and Home Affairs. (Navin Dissanayake, Karu's son-in-law, did not make the cut for cabinet minister, receiving instead the non-Cabinet Ministry of Investment Promotion.) Several dual-hatted ministers lost one of their portfolios to make room for the UNP crossovers. The President was the sole exception, retaining both his roles as Defense and Finance Minister. He did give up the Ministry of

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Higher Education.

15. (C) A few serving ministers shifted to new portfolios. Hardline GSL Defense Spokesman Keheliya Rambukwella was moved from the Ministry of Plan Implementation to the Ministry of Foreign Employment, but remains Defense Spokesman. The SLFP up-and-comer Dilan Perera did not make it into the Cabinet, but received a "promotion" from Deputy Minister to non-Cabinet Minister of Justice. The Ministry of Nation Building seems to have become a catch-all for those who did not find a home elsewhere: it will boast five non-Cabinet Ministers with the portfolios of tsunami reconstruction, foreign aid projects, de-mining activities, re-settlement programs and the Estate sector (tea).

New Loyalist Foreign Minister

16. (C) The Foreign Ministry was reassigned from Mangala Samaraweera (who retained Ports and Civil Aviation) to Rohitha Bogollagama. The departure of Samaraweera as Foreign Minister is unfortunate, since he was one of the few willing to deliver tough messages to the President on issues such as human rights. Samaraweera was unable to prevent the crossover to the cabinet of his arch-rival from his home town of Matara, Mahinda Wijesekara, a UNP member of Parliament with a malodorous reputation, who received the "Ministry of Special Projects."

17. (C) The Ambassador offered congratulations to Bogollagama on January 29. The new Foreign Minister expressed his desire to travel to Washington in March, in part to meet Secretary Rice. Ambassador will follow up with Bogollagama next week on his plans to visit Washington. A Rajapaksa loyalist, Bogollagama is less likely to convey to the President any messages Rajapaksa doesn't want to hear. Bogollagama, a lawyer turned politician, worked closely with the Embassy as a legal advisor to Voice of America in the 1990s.

Dissidents Try to Remain in UNP

¶8. (C) The mainstream UNP, now left with 43 members of Parliament, has enough seats to maintain its role as the leading opposition party. Moreover, the UNP will probably remain nominally the largest party in parliament, since the crossover MPs will seek to retain their party identification. While the Wickremesinghe loyalists will almost certainly try to expel the defectors, they probably will not be able to do so. An MP can appeal his expulsion to the Supreme Court, which in the past has ruled in favor of crossovers. This is important because otherwise the UNP could replace them as members of Parliament, and they would forfeit their ministerial positions. Further, a possible motivating factor for some crossover MPs may have been to acquire immunity as ministers from corruption charges pending from the last UNP stint in power, from 2001-2004. The local press has recently highlighted some of these charges against (among others) Gamini Lokuge, Karu Jayasuriya, and R.M. Dharmadasa Banda. If true, this would give the culpable ones every reason to fight for their new positions. The two factions of the UNP are therefore probably doomed to live together in a divided house for the foreseeable future.

Proponents of Peace and Federalism

¶9. (C) Many of the UNP crossovers have been long-time, fervent supporters of federalism. Two of them, G.L. Peiris and Milinda Moragoda, were part of the UNP team that led negotiations on the 2002 Cease-fire Agreement with the LTTE.

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However, these moderates are unlikely to wield real clout within the new Cabinet. They will have their work cut out for them if they intend to exercise a strong, positive influence on the peace process. Moragoda told the Ambassador on January 25 that he blamed UNP leader Ranil Wickremesinghe for not taking action sooner to stop the bleeding in the UNP.

Moragoda said the UNP crossovers would be joining the Government as a block of reformers -- and would not endorse the President's pre-election agenda, the Mahinda Chintana ("Mahinda's Thoughts"). He admitted, however, that he was unsure whether they would be able to influence the Rajapaksas. He added that if the reformers did not make progress, they would leave the government. Moragoda said he had been hesitant to accept a cabinet portfolio because of the patronage demands that come with such posts, but the President had insisted he take one.

¶10. (C) SLMC leader Rauff Hakeem, the new Minister of Posts and Telecommunications, told Ambassador on January 29 that he and his party intended to work closely with the UNP crossovers to promote a negotiated solution to the conflict. However, he cautioned that some of the crossovers belonged to the more hard-line side of the UNP, so he would need to proceed with care. Hakeem felt compelled to join the Government in order to keep his party from splintering. If he had not agreed to cross over, he stood to lose all but one supporter among his parliamentary group.

JVP Now Free to Make Trouble

¶11. (C) The JVP, with 37 members, now certainly will try even harder to make things difficult for the government. The party is already organizing a general strike for February 2. Samaraweera told Ambassador Blake on January 29 that it will now be harder for the SLFP to work with the JVP. The President, however, told the Ambassador that if the JVP makes trouble, "we'll call elections."

Key Economic Portfolios Go To Respected Figures

¶12. (C) The new ministers who will have the most contact with the USG on trade and investment are solid veterans. Crossover G.L. Peiris, Minister of Export Development and

International Trade, will oversee bilateral and multilateral trade issues. Peiris is a highly-regarded elder statesman who has held numerous ministries, including finance. Another former finance minister, Dr. Sarath Amunagama, will have responsibility for the Board of Investment as the new Minister of Enterprise Development and Investment Promotion, replacing Bogollagama. P. Dayaratne, an engineer and former UNP power and energy minister, will run the Ministry of Plan Implementation, which handles liaison with the Millennium Challenge Corporation.

The New Line-Up

¶13. (U) Following is a list of the new Cabinet ministers and their portfolios. (UNP and SLMP crossovers marked with an asterisk).

Ratnasiri Wickremanayake, Prime Minister, Minister of Internal Administration
Anura Bandaranaike, Minister of National Heritage
D.M. Jayaratne, Minister of Plantation Industries
Nimal Siripala de Silva, Minister of Healthcare and Nutrition
Mangala Samaraweera, Minister of Ports and Aviation
A.H.M. Fowzie, Minister of Petroleum and Petroleum Resources Development

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Jeyaraj Fernandopulle, Minister of Highways and Road Development
Mithripala Sirisena, Minister of Agriculture Development and Agrarian Services Development
Susil Premajayantha, Minister of Education
Karu Jayasuriya, Minister of Public Administration and Home Affairs*
Arumugan Thondaman, Minister of Youth Empowerment and Socio-Economic Development
Rauff Hakeem, Minister of Posts and Telecommunications*
Dinesh Gunawardena, Minister of Urban Development and Sacred Area Development
Douglas Devananda, Minister of Social Services and Social Welfare
Ferial Ashraff, Minister of Housing and Common Amenities
¶P. Chandrasekaran, Minister of Constitutional Affairs and National Integration
A.L.M. Athaullah, Minister of Water Supply and Drainage
Prof. Tissa Witarana, Minister of Science and Technology
D.E.W. Gunasekera, Minister of Constitutional Affairs and National Integration
Abdul Risath Bathiyutheen, Minister of Resettlement and Disaster Relief Services
¶P. Dayaratne, Minister of Plan Implementation*
R.M. Dharmadasa Banda, Minister of Supplementary Crops Development*
¶M. H. Mohamed, Minister of Parliamentary Affairs*
Prof. G.L. Peiris, Minister of Export Development and International Trade*
John Senaviratne, Minister of Power and Energy
Sumedha Jayasena, Minister of Child Development and Women's Empowerment
Dr. Sarath Amunugama, Minister of Enterprise Development and Investment Promotion
Milroy Fernando, Minister of Public Estate Management and Development
Jeewan Kumaranatunga, Minister of Land and Land Development
Pavithra Wanniarachchi, Minister of Youth Affairs
Anura Priyadarshana Yapa, Minister of Mass Media and Information
Tissa Karaliyadda, Minister of Indigenous Medicine
Athauda Senviratne, Minister of Labour Relations and Manpower
Gamini Lokuge, Minister of Sports and Public Recreation
Bandula Gunawardana, Minister of Trade, Marketing Development, Co-Operatives and Consumer Services
Mahinda Samarasinghe, Minister of Disaster Management and Human Rights
Rajitha Senaratne, Minister of Construction and Engineering

Services

Mahinda Wijesekera, Minister of Special Projects
Milinda Moragoda, Minister of Tourism
Keheliya Rambukwella, Minister of Foreign Employment
Promotion and Welfare
Piyasena Gamage, Minister of Vocational and Technical Training
M.S.B. Navinna, Minister of Rural Industries and
Self-Employment Promotion
Janaka Bandara Tennakoon, Minister of Local Government and
Provincial Councils
Felix Perera, Minister of Fisheries and Aquatic Affairs
R.M.C.B. Ratnayake, Minister of Livestock Development
Rohitha Bogollagama, Minister of Foreign Affairs
Mahinda Yapa Abeywardena, Minister of Cultural Affairs
Prof. Wiswa Warnapala, Minister of Higher Education
Kumara Welgama, Minister of Industrial Development
Dullas Alahapperuma, Minister of Transport
Amarasiri Dodangoda, Minister of Justice

COMMENT: President Aiming for New Elections?

¶14. (C) It is now clear that although President Rajapaksa

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acquiesced to international pressure in October 2006 to sign the MoU with the chief opposition, he and his team never demonstrated any real interest in implementing it. Now, after the announcement of the new Cabinet, UNP General Secretary Tissa Atanayake demonstratively tore up the UNP's

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copy of the MoU for the benefit of the media. The President told the Ambassador on January 29 that the UNP was an unreliable political partner and that the new arrangement would be more sustainable. However, we think his new coalition is brittle and may prove short-lived. The JHU and CWC are likely the weakest links in the new line-up. Either, for different reasons, may threaten to jump ship if they don't approve of the GSL's new direction. For example, if the JHU, which would like to see the Norwegians kicked out and the CFA abrogated, pulls out, the President will be left with majority of only one.

¶15. (C) Opposition leader Ranil Wickremesinghe comes out as the biggest loser in this reshuffle. He and Rajapaksa never trusted one another. Ranil's principal motivation for signing the MoU was certainly to further the peace process. However, he also hoped to prevent his party's dissident faction from crossing over to accept ministerial portfolios. This strategy has now failed, leaving Ranil's grip on the UNP leadership shakier than ever. He has elected not to interrupt his program of foreign travel, embarking on a trip to Nepal and India even as he lost nearly one-third of his party's MPs to the President.

¶16. (C) Local political observers speculate that Rajapaksa's ultimate aim may be to call a new election. JVP supporters, enthusiastic about the government's recent military gains, might switch to the President's party. The UNP, divided and at a low ebb of its credibility, would likely also lose support to the SLFP. It would be especially awkward for them if the GSL pushes its military campaign further, to "liberate" the North. In any case, Rajapaksa preferred to sacrifice the comfortable majority he could have enjoyed through the MoU for what is bound to be an uncomfortable and unwieldy coalition. His strategy of luring crossovers, sometimes with strongarm tactics, has already proven divisive. We believe this maneuvering is unlikely to lead to a broadly-based process to prepare a viable devolution and peace proposal, or otherwise to contribute in the broader sense to finding a solution to Sri Lanka's ethnic conflict.

BLAKE